

NOTICE OF FINAL RULEMAKING

TITLE 12. NATURAL RESOURCES

CHAPTER 7. OIL AND GAS CONSERVATION COMMISSION

[R07-427]

**PREAMBLE**

**1. Sections Affected**

R12-7-115  
R12-7-121

**Rulemaking Action**

Amend  
Amend

**2. The specific authority for the rulemaking, including both the authorizing statutes (general) and the statutes the rules are implementing (specific):**

Authorizing statutes: A.R.S. §§ 27-515(B)(3), 27-516(A) and 27-656

Implementing statutes: A.R.S. §§ 27-516(A)(2) and (A)(12), 27-522, 27-653, and 27-661

**3. The effective date of the rules:**

February 2, 2008

**4. A list of all previous notices concerning the rules:**

Notice of Rulemaking Docket Opening: 13 A.A.R. 43, January 5, 2007

Notice of Proposed Rulemaking: 13 A.A.R. 1213, April 6, 2007

Notice of Oral Proceeding on Proposed Rulemaking: 13 A.A.R. 3046, August 31, 2007

**5. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**

Name: Steven L. Rauzi, Oil & Gas Administrator

Address: Arizona Geological Survey  
416 W. Congress, Suite 100  
Tucson, AZ 85701-1315

Telephone: (520) 770-3500

Fax: (520) 770-3505

**6. An explanation of the rules, including the agency's reasons for initiating the rules:**

R12-7-115 specifies requirements for directional drilling and deviation surveys and R12-7-121 specifies completion and filing requirements for drilled wells. The agency is amending R12-7-115 to clarify what is meant by the normal vertical course of a well and require testing at reasonably frequent intervals to determine the deviation from vertical. The agency is amending R12-7-121 to improve understandability by adding language to make the rule consistent with governing statutes and state that the completion report is confidential in addition to all other well information.

The agency extended the time for public comment because of a defect in the July 13 oral proceeding to adopt the rules. The agency closed the record, prepared new documents, and submitted the final rule package to the Governor's Regulatory Review Council after taking additional public comment.

**7. A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:**

None

**8. A showing of good cause why the rules are necessary to promote a statewide interest if the rules will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable

**9. The summary of the economic, small business, and consumer impact:**

These rules directly impact companies drilling for oil, gas, and geothermal resources. The rules are mostly procedural in nature and will not significantly impact the economy or have a significant impact upon small businesses or consumers. The proposed rulemaking will benefit the regulated community by clarifying what is meant by the normal vertical course of a well and clearly stating that the completion report is confidential in addition to other well data. No private persons or consumers are directly affected by the proposed rulemaking.

**10. A description of the changes between the proposed rules, including supplemental notices, and the final rules (if applicable):**

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Minor changes were made at the suggestion of the Governor's Regulatory Review Council's staff to improve the clarity, conciseness, and understandability of the rules.

**11. A summary of the comments made regarding the rules and the agency response to them:**

No written comments were received. No oral comments were received at the July 13, 2007 or October 19, 2007 oral proceedings to adopt the amended rules.

**12. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**

None

**13. Any material incorporated by reference and its location in the text:**

None

**14. Were these rules previously made as emergency rules?**

No

**15. The full text of the rules follows:**

**TITLE 12. NATURAL RESOURCES**

**CHAPTER 7. OIL AND GAS CONSERVATION COMMISSION**

**ARTICLE 1. OIL, GAS, HELIUM, AND GEOTHERMAL RESOURCES**

Section

R12-7-115. Deviation of Hole and Directional Drilling

R12-7-121. Well Completion and Filing Requirements

**ARTICLE 1. OIL, GAS, HELIUM, AND GEOTHERMAL RESOURCES**

**R12-7-115. Deviation of Hole and Directional Drilling**

- A. ~~No~~ An operator drilling a well ~~may be~~ shall not intentionally ~~deviate~~ deviate from ~~its~~ the normal vertical course of the well unless the operator ~~shall first file~~ files an application and ~~obtain~~ obtains approval from the Commission after notice and hearing. The normal vertical course of a well is defined by ~~a tolerance wherein the maximum deviation of the well does not exceed a 100 foot radius from the surface location~~ an average deviation from vertical of not more than five degrees in any 500-foot interval. The operator shall test any vertical or deviated well that is drilled or deepened at least once each 500 feet or at the first bit change succeeding 500 feet. The operator shall tabulate all deviation tests run and file the tabulation with the Commission within 30 days after drilling is completed. Deviation from the vertical for short distances is permitted in the drilling of a well without special approval only to straighten the hole, sidetrack junk, or correct other mechanical difficulties.
- B. An application for directional drilling shall include
1. The name, address, and ~~phone~~ telephone number of the operator;
  2. The field name, lease name, well number, state permit number, reservoir name, and county where the proposed well is located;
  3. A plat or sketch showing the distance from the surface location to section and lease lines and to the target location within the intended producing interval;
  4. The reason for the intentional deviation; and
  5. The signature of the operator.
- C. The operator of any well capable of production and whose producing interval or any portion ~~thereof~~ of the producing interval is located 330 feet or less in the case of an oil well or 1,660 feet or less in the case of a gas well from the boundary of any drilling unit shall run a directional survey before running the production casing.
- D. In order to ensure compliance with this Section, the Commission may require the operator to run a directional survey of any hole at the operator's expense. The Commission may require an operator to run a directional survey of any hole at the request of an offset operator at the expense and risk of the offset operator unless the survey shows that the well is completed at a point outside the drilling unit or at an unauthorized point.
- E. Within 30 days following the completion of drilling a directionally-drilled well, the operator shall file with the Commission a complete angular deviation and directional survey of the well, obtained by a well survey company.
- F. ~~Nothing in these rules shall be interpreted to permit the drilling of any~~ An operator shall not drill a well in such a manner that it crosses the results in the well crossing drilling unit lines, except by approval obtained from the Commission after notice and hearing.

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**R12-7-121. Well Completion and Filing Requirements**

- A. An operator shall file a completion report with the Commission within 30 days after a well is completed. The completion report shall contain a description of the well and lease, the casing, tubing, liner, perforation, stimulation, and cement squeeze records, and data on the initial production. The operator shall submit other well data to the Commission within 30 days of the date the work is done, including any:
1. Lithologic, mud, or wireline log;
  2. Directional survey;
  3. Core description and analysis;
  4. Stratigraphic or faunal determination;
  5. Formation or drill-stem test;
  6. Formation fluid analysis; or
  7. Other similar information or survey.
- B. An operator shall furnish samples of all drilled cuttings, at a maximum interval of 10 feet, to the Commission within 30 days after drilling is completed. The operator may furnish samples of continuous core in chips at 1-foot intervals. The operator shall:
1. Wash and dry all samples;
  2. For each sample, place approximately 3 tablespoons of the sample in an envelope with the following identifying information: the well from which the sample originates, the location of the well, the Commission's permit number for the well, and the depth at which the sample is taken; and
  3. Package sample envelopes in protective boxes and ship prepaid to:  
Oil and Gas Administrator  
Arizona Geological Survey  
416 West W. Congress, Suite Ste. 100  
Tucson, AZ 85701
- C. Confidential records:
1. The Commission shall keep the completion report and all well information required by this Section for any well drilled for oil and gas in unproven territory confidential for 4 one year after the drilling is completed unless the operator gives written permission to release the information at an earlier date. The Commission shall provide notice to the operator 60 days before confidential records become subject to public inspection and, at the operator's request, extend the confidential period for 6 six months to 2 two years from the date of the request if the Commission finds that the operator has ~~demonstrated that release would~~ provided credible evidence that disclosure of the information is likely to cause harm to the operator's competitive position with respect to unleased land in the vicinity of the well.
  2. The Commission shall keep the completion report and all well information required by this Section for any well drilled in search of geothermal resources confidential for one year after drilling is completed upon operator request.

**NOTICE OF FINAL RULEMAKING**

**TITLE 17. TRANSPORTATION**

**CHAPTER 1. DEPARTMENT OF TRANSPORTATION  
ADMINISTRATION**

[R07-424]

**PREAMBLE**

**1. Sections Affected:**

R17-1-501  
R17-1-502  
R17-1-503  
R17-1-504  
R17-1-505  
R17-1-505  
R17-1-506  
R17-1-506  
R17-1-507  
R17-1-507  
R17-1-508  
R17-1-508

**Rulemaking Action:**

Amend  
Amend  
Amend  
New Section  
Renumber  
Amend  
Renumber  
Amend  
Renumber  
Amend  
Renumber  
Amend